

## Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	30.71	15.00	104.7%	BUY
Equity bank	43.67	42.00	4.0%	HOLD
KCB bank	47.26	33.85	39.6%	BUY
Co-op bank	20.46	13.25	54.4%	BUY
ABSA bank	12.89	14.30	-9.9%	HOLD
StanChart bank	138.26	203.75	-32.1%	SELL
NCBA bank	40.68	41.00	-0.8%	HOLD
I&M bank	33.32	23.55	41.5%	BUY
Stanbic bank	108.85	116.00	-6.2%	HOLD
DTB bank	116.13	46.70	148.7%	BUY
EABL	151.28	153.75	-1.6%	HOLD
Bamburi Cement	44.37	80.50	-44.9%	SELL
BAT Kenya	460.00	347.00	32.6%	BUY

## Kenya Market Summary

### Equity market commentary and outlook

- During the week, Safaricom touched an eight-day low on reduced local demand. The NSE-20 sustained a three-day climbing streak. Foreign investors remained net buyers for the second week at USD 0.1m (KES 15.6m). KCB Bank registered the highest net foreign inflows at USD 0.4m (KES 51.1 m), while Safaricom recorded the highest net foreign outflows at USD 0.4m (KES 51.5m).

### Debt market commentary and outlook

- Total subscription rates rose to 126.4% from 89.1% the previous week. Investors remained skewed on the 91-Day T-Bill and activity declined just for the 91-Day T-Bill. The yield on all three T-Bills fell, with the 91-Day T-Bill sustaining a nine-week losing streak and the 182-Day T-Bill and the 364-Day T-Bill falling repeatedly for the eighth week.

## Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	1,790.6	7.9%	6.0%	18.3%	24.1%	16.7%	19.3%
Kenya NASI	106.4	1.7%	-0.2%	14.7%	24.1%	3.3%	15.6%

Source: NSE, Kestrel Research

## NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-0.1%	1.4%	-7.3%	7.8%	25.2%	10.2%
Johannesburg Index	-3.7%	-2.9%	7.2%	15.2%	-1.5%	-7.1%
Nigeria Stock Exchange	-0.8%	-2.4%	-8.4%	-10.0%	-15.4%	6.5%
Ghana Stock Exchange	0.1%	0.1%	11.4%	-7.8%	-1.6%	5.2%
Egyptian Stock Exchange	-1.2%	1.9%	9.2%	-9.1%	-4.1%	-18.6%
MSCI EFM ex SA Index	0.1%	-1.3%	3.0%	-0.4%	6.6%	41.4%

## Other market statistics

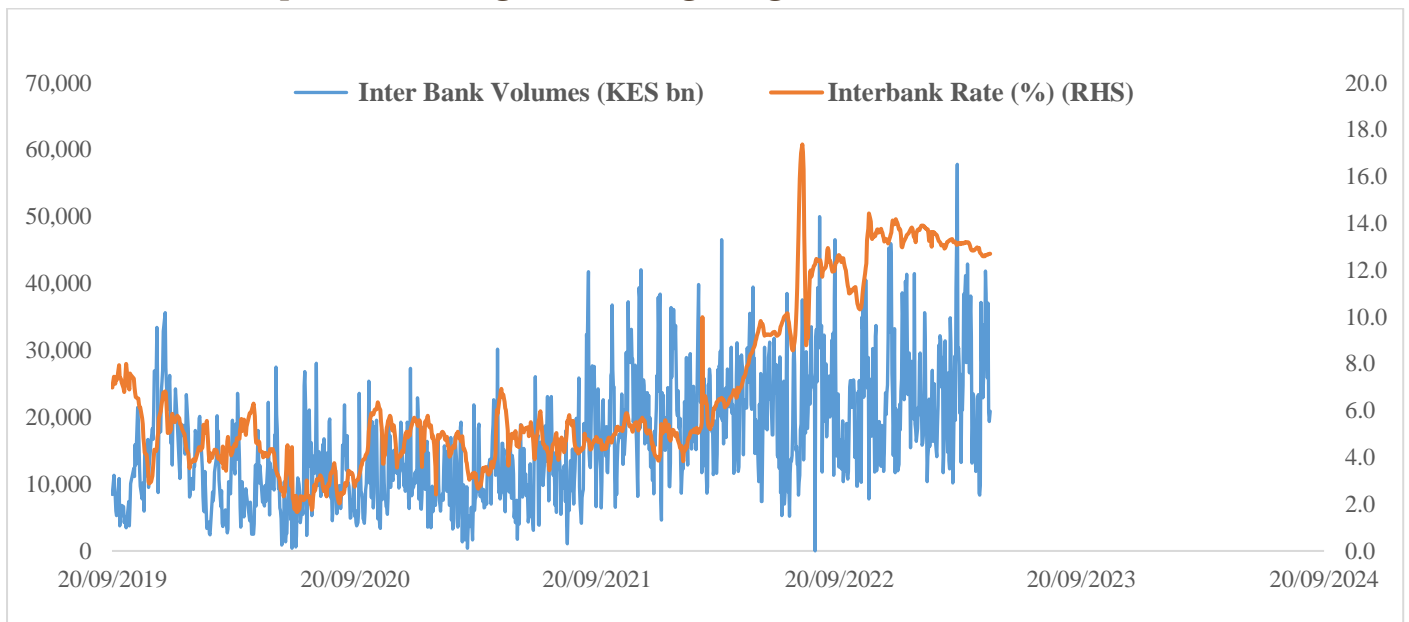
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.15	0.1%	0.0%	-0.3%	3.0%	11.3%	6.4%
USD/ZAR	17.3785	-1.9%	-0.1%	1.5%	5.9%	-1.4%	-2.1%
USD/EGP	48.6458	0.5%	0.8%	-2.2%	-2.0%	-33.9%	0.0%
USD/NGN	1639.5	0.0%	-3.8%	-5.2%	-2.2%	-47.5%	18.7%
USD/GHS	15.7331	0.3%	-0.3%	-3.0%	-13.9%	-11.8%	3.9%

### NSE most active counters

Counter	Value Traded (KES m)	Foreign Investor Net Buying/(Selling) (KES m)	Foreign Investor Activity as % of total	Weekly Price Change (%)	YTD (%)	% Below 12-month high	% Above 12-month low
Equity Bank	418.4	-50.4	46.0%	-2.8%	24.8%	-14.6%	24.8%
Safaricom	353.3	-51.5	37.9%	-2.0%	7.9%	-22.3%	28.8%
KCB Bank	160.8	51.1	16.4%	4.5%	54.6%	-10.8%	114.9%
Bamburi Cement	88.3	13.4	7.7%	0.9%	124.5%	-1.8%	257.8%
StanChart Bank	62.3	50.2	40.3%	-3.4%	25.8%	-3.9%	35.4%

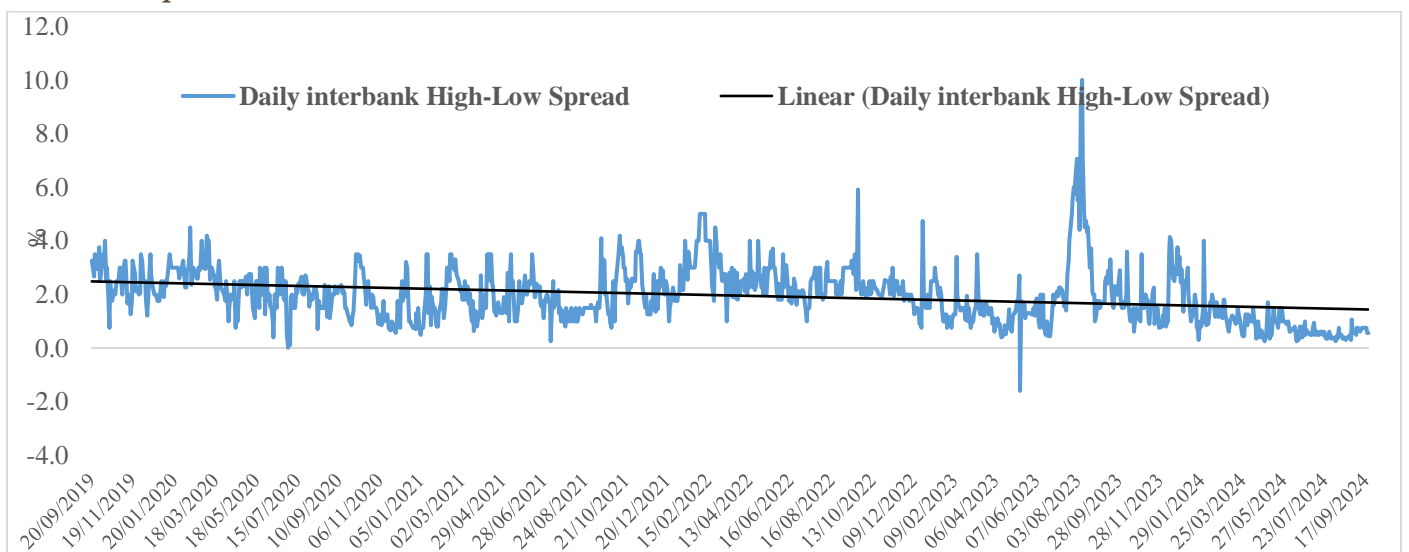
### Key Rates and Spreads

Inter-bank Rates improve, sustaining a two-week gaining streak.



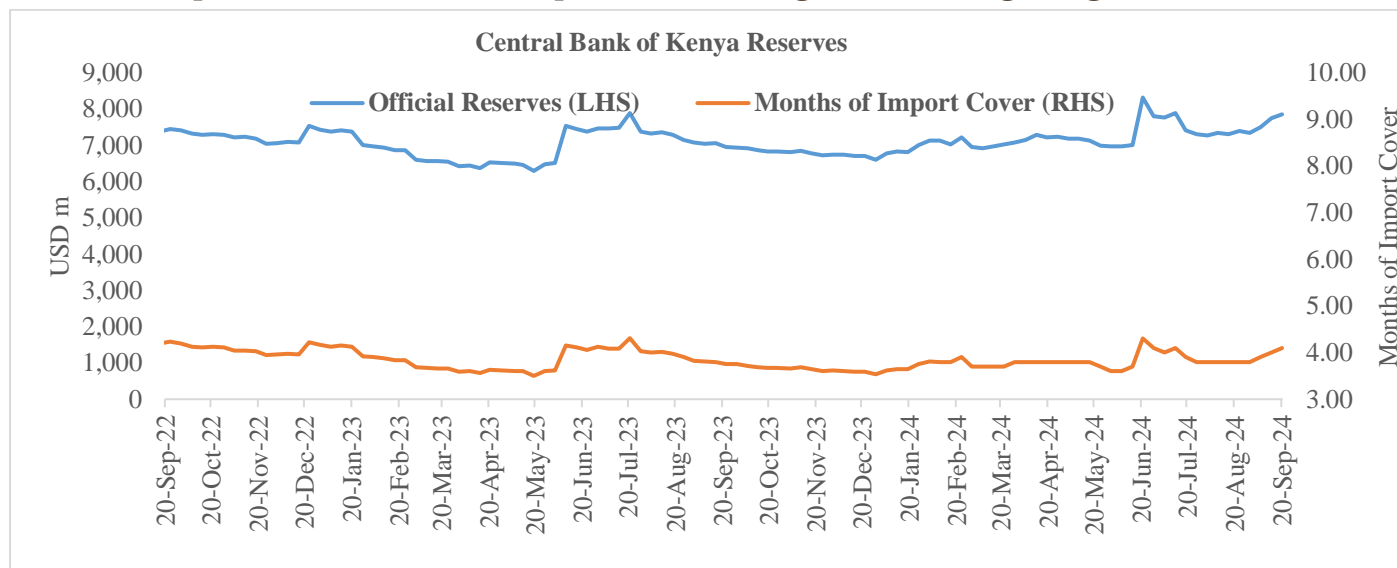
Source: CBK

Interbank spreads narrow week-on-week.



Source: CBK

**Months of import cover and CBK FX improve, maintaining a three-week gaining streak.**



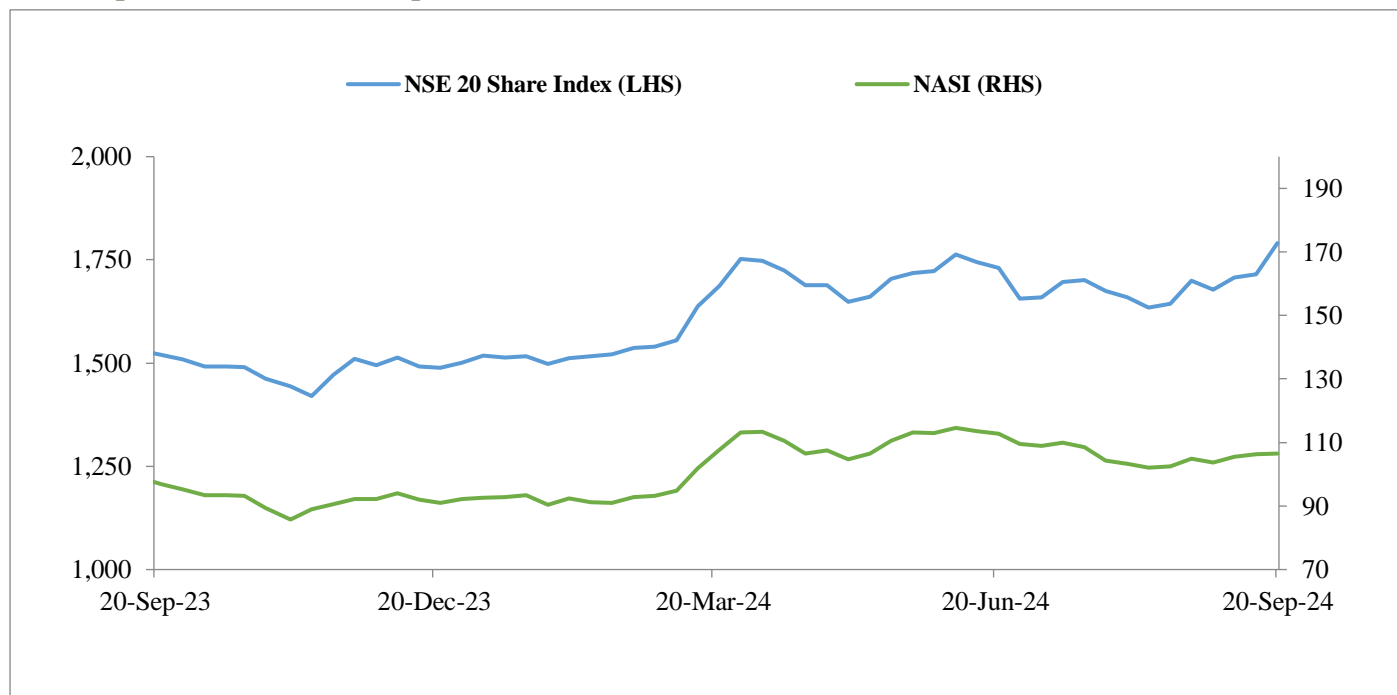
Source: CBK

**Equity market trading commentary**

Market turnover advanced by 6.7%, maintaining a two-week climbing streak, to settle at USD 10.9m (KES 1.4 bn). The NASI climbed by 0.1% to halt at 106.44, sustaining a three-week gaining streak. The NSE-20 recovered 4.5% to conclude at 1790.64, sustaining a three-week gaining streak. Foreign investors remained net buyers for the second week at USD 0.1m (KES 15.6m). KCB Bank registered the highest net foreign inflows at USD 0.4m (KES 51.1 m), while Safaricom recorded the highest net foreign outflows at USD 0.4m (KES 51.5m).

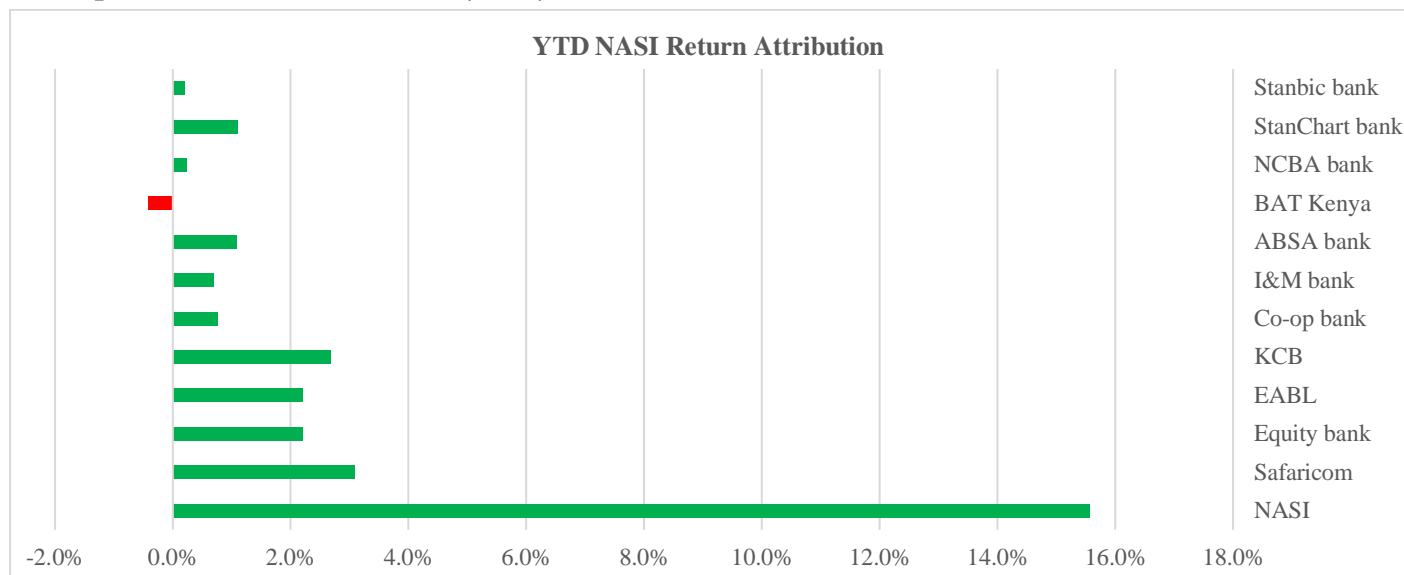
During the week, Safaricom touched an eight-day low on reduced local demand. The NSE-20 sustained a three-day climbing streak.

**Market performance over the past 12 months**



Source: NSE

### NASI performance: Year-to-date (YTD) Return Attribution



Source: Kestrel Research

### Debt market trading commentary

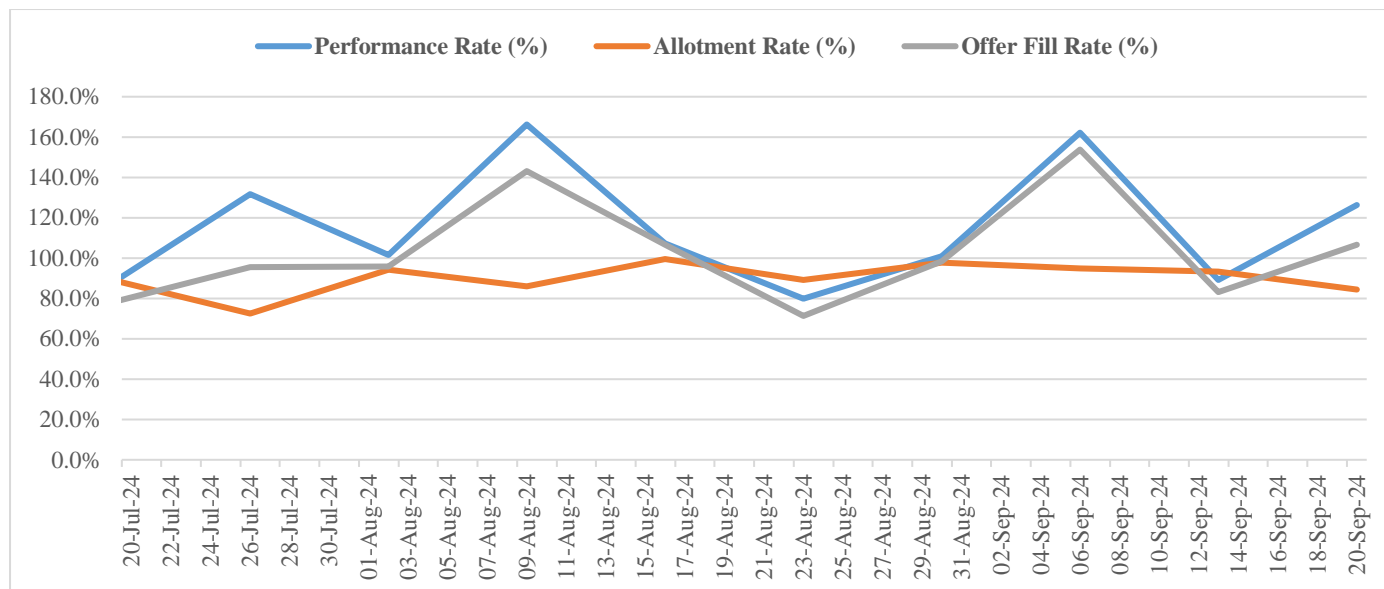
Total subscription rates rose to 126.4% from 89.1% the previous week. Investors remained skewed on the 91-Day T-Bill and activity declined for just the 91-Day T-Bill. The yield on all three T-Bills fell, with the 91-Day T-Bill sustaining a nine-week losing streak and the 182-Day T-Bill and the 364-Day T-Bill falling repeatedly for the eighth week.

The CBK also offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 11.4 bn for the 91-Day T-Bill, implying a subscription rate of 283.87%. It accepted bids worth KES 9.4 bn at an average yield of 15.746% (-0.4 bps w/w).

The 182-Day T-Bill received bids worth KES 8.4 bn, implying a performance rate of 84.05%. It accepted bids worth KES 7.1 bn at an average yield of 16.616% (-0.9 bps w/w).

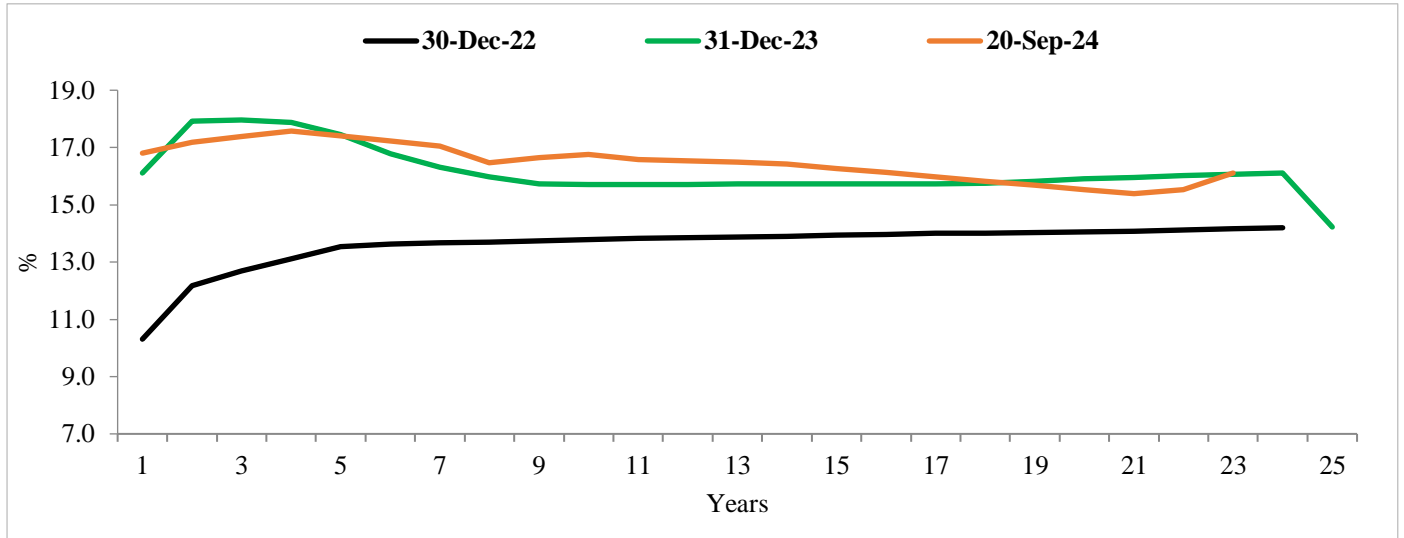
The 364-Day T-Bill received bids worth KES 10.6 bn, implying a performance rate of 105.84%. It accepted bids worth KES 9.1 bn at an average yield of 16.813% (-0.4 bps w/w).

### T-Bills Performance rates improve week-on-week



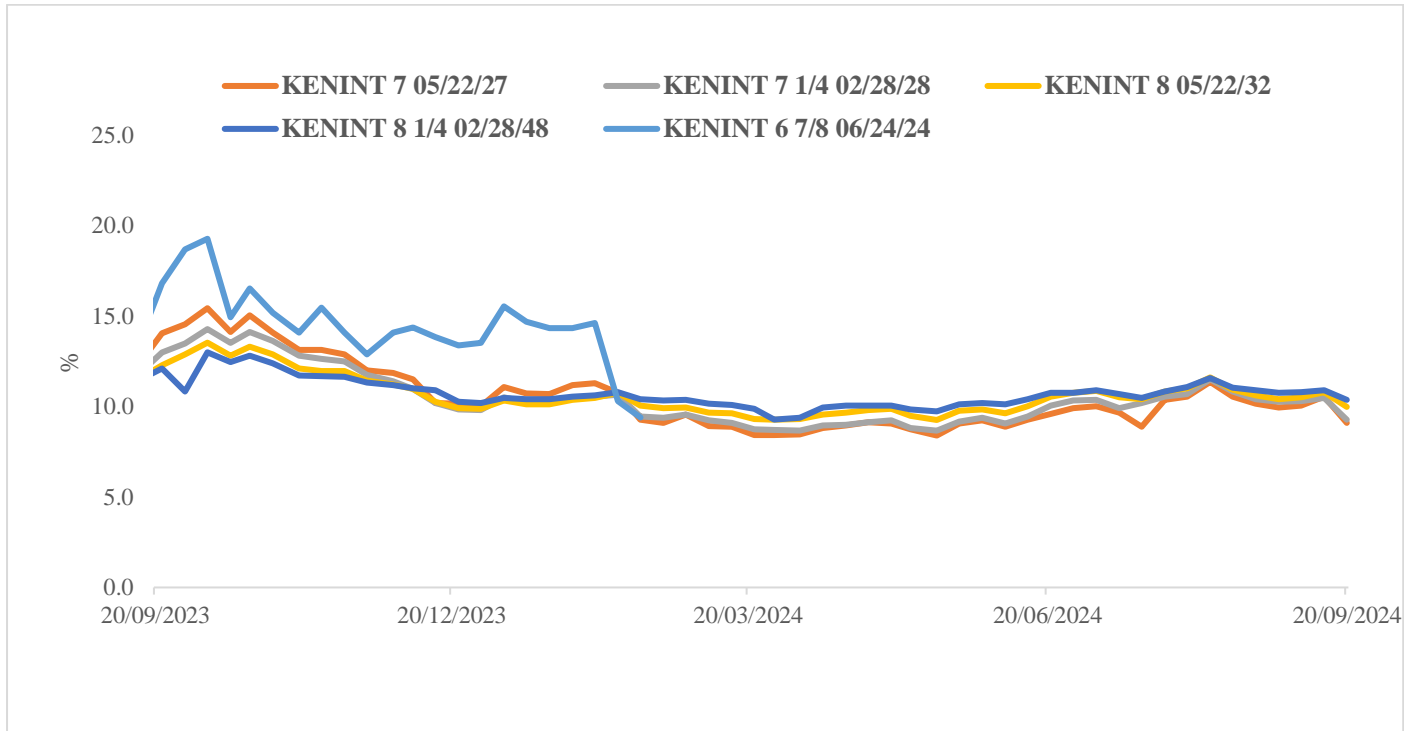
Source: CBK

**Kenya Domestic Yield Curve**



Source: CBK

**Kenya Eurobond Yields decline across all tenors.**



Source: Bloomberg

## Top counters by market capitalization

Company	Sector	Year end	12 M High	12 M Low	Price	YTD %	Market <sup>1</sup> cap (USD m)	Weighting	EPS	DPS	NAV	P/E ratio x	Div yld %	P/B ratio x	ROE %	Daily Trading <sup>1</sup> vol (USD)
Safaricom	Telecom	Mar	19.30	11.65	15.00	7.9	4,652	35.9%	1.06	1.20	4.7	14.1	8.0	3.2	22.7	802,371
Equity Bank	Banking	Dec	49.20	33.65	42.00	24.8	1,227	9.5%	11.12	3.00	48.7	3.8	7.1	0.9	22.8	292,821
EA Breweries	Breweries	Jun	95.00	67.00	22.75	34.9	941	7.3%	-	1.75	27.1	-	1.1	5.7	-	115,045
Co-op Bank	Banking	Dec	15.05	10.20	13.25	16.2	602	4.6%	4.03	1.50	18.4	3.3	11.3	0.7	21.9	79,526
NCBA Bank	Banking	Dec	45.20	35.00	41.00	5.3	523	4.0%	13.17	2.75	53.7	3.1	6.7	0.8	24.5	32,699
Absa Bank	Banking	Dec	14.50	10.75	14.30	24.9	601	4.6%	2.19	1.55	12.0	6.5	10.8	1.2	18.3	62,462
KCB Bank	Banking	Dec	37.95	15.75	33.85	54.6	842	6.5%	13.30	-	68.1	2.5	-	0.5	19.5	232,298
StanChart Bank	Banking	Dec	212.00	150.50	203.75	25.8	596	4.6%	40.82	29.00	158.0	5.0	14.2	1.3	25.8	43,065
Stanbic Bank	Banking	Dec	130.00	100.25	116.00	6.7	355	2.7%	28.71	13.75	140.8	4.0	11.9	0.8	20.4	25,152
BAT Kenya	Tobacco	Dec	95.00	67.00	347.00	-14.8	269	2.1%	55.68	50.00	163.8	6.2	14.4	2.1	34.0	72,454
BK Group	Banking	Dec	37.00	30.15	32.50	-9.2	226	1.7%	10.48	3.28	46.8	3.1	10.1	0.7	22.4	224
I&M Holdings	Banking	Dec	34.24	16.75	23.55	34.6	301	2.3%	8.10	2.55	47.8	2.9	10.8	0.5	16.9	28,811
Umeme Ltd.	Power	Dec	4.11	4.00	16.55	3.4	208	1.6%	0.27	2.00	22.0	62.2	12.1	0.8	1.2	5,004
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	168	1.3%	(3.99)	-	(14.7)	-	-	-	-	-
Bamburi Cement	Cement	Dec	5.55	5.55	80.50	124.5	226	1.7%	(1.10)	5.47	82.1	-	98.6	0.1	(1.3)	123,796
KenGen	Power	Jun	3.11	1.96	3.11	54.7	159	1.2%	0.49	-	41.6	6.3	-	0.1	1.2	16,512
Jubilee Insurance	Insurance	Dec	6.38	4.15	2.09	-13.5	90	0.7%	60.93	12.30	613.8	2.6	7.7	0.3	9.9	7,578
DTB Bank	Banking	Dec	55.75	43.25	46.70	3.7	101	0.8%	25.34	6.00	256.8	1.8	12.8	0.2	9.9	14,558
Britam	Insurance	Dec	6.38	4.15	5.80	21.1	113	0.9%	1.30	-	9.2	4.5	-	0.6	14.1	1,425
Total Oil	Oil	Dec	3.77	1.35	21.00	16.7	102	0.8%	4.80	1.31	48.0	4.4	6.2	0.4	10.0	2,758
Kakuzi	Agric	Dec	420.00	353.50	381.00	-1.0	58	0.4%	23.25	24.00	303.5	16.4	6.3	1.3	7.7	1,153
CIC Insurance	Insurance	Dec	6.38	4.15	5.80	-6.7	42	0.3%	0.55	0.13	3.3	3.8	6.2	0.6	16.9	1,357
Centum Investment	Finance	Mar	9.44	7.88	8.92	6.2	46	0.4%	(8.95)	0.60	55.8	-	6.7	0.2	(16.1)	12,845
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	41	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Crown Paints	Manufac.	Dec	82.00	22.50	80.50	-15.8	33	0.3%	(0.20)	4.00	24.1	-	5.0	3.3	(0.8)	123,796
Kenya Re	Insurance	Dec	2.87	1.04	1.29	-31.4	28	0.2%	1.78	0.10	13.4	0.7	7.8	0.1	13.2	15,529
Sasini Tea & Coffee	Agric	Sept	26.00	16.85	17.10	-14.5	30	0.2%	3.11	1.00	61.7	5.5	5.8	0.3	5.0	381
Carbacid	Gases	July	24.10	14.55	22.75	51.7	45	0.3%	4.01	0.70	13.6	5.7	3.1	1.7	11.9	5,162
Nation Media	Media	Dec	22.00	14.30	15.00	-25.2	22	0.2%	(1.08)	1.49	43.1	-	9.9	0.3	(2.5)	641
Kenya Power	Power	Jun	3.77	1.35	3.77	165.5	57	0.4%	(0.89)	-	29.1	-	-	0.1	(3.0)	23,066
TPSEA Serena	Tourism	Dec	20.05	11.00	12.65	-23.1	18	0.1%	4.78	-	33.3	2.6	-	0.4	14.4	325
Liberty K. Holdings	Insurance	Dec	200.00	150.00	1.29	51.8	23	0.2%	0.15	-	15.9	36.7	-	0.4	1.0	172
BOC Kenya	Gases	Dec	95.00	67.00	86.00	4.9	13	0.1%	10.14	5.95	85.1	8.5	6.9	1.0	11.9	2,452
NSE	Finance	Dec	6.62	5.44	5.66	-6.0	11	0.1%	0.05	0.20	7.1	107.0	3.5	0.8	0.7	1,040
Housing Finance	Banking	Dec	4.85	3.25	4.38	25.9	13	0.1%	1.18	4.00	20.5	3.7	91.3	0.2	5.8	51
Unga Ltd	Food	Jun	1.53	1.00	0.27	-12.5	9	0.1%	(18.92)	-	58.3	-	-	0.3	(32.4)	95
Sanlam Kenya	Insurance	Dec	2.87	1.04	5.60	1.7	7	0.1%	(0.88)	-	3.9	-	-	1.6	(22.7)	1,357
Car & Gen	Motors	Sept	32.35	18.85	19.75	-21.0	6	0.0%	(6.82)	3.20	135.8	-	16.2	0.1	(5.0)	68
Limuru Tea	Agric	Dec	380.00	365.00	365.00	-3.9	7	0.1%	3.38	1.00	80.9	107.9	0.3	4.5	4.2	46
WPP Scangroup	Media	Dec	2.72	1.90	2.38	9.2	8	0.1%	0.30	-	11.9	7.9	-	0.2	2.5	663
EA Portland	Cement	Jun	82.00	22.50	0.90	129.4	13	0.1%	(14.13)	-	239.8	-	-	0.0	(5.9)	396
Standard Newspapers	Media	Dec	8.70	5.10	6.16	-20.4	4	0.0%	(10.05)	-	0.4	-	-	14.0	(2,284)	12
Longhorn	Publishing	Jun	2.7	2.01	2.50	3.7	5	0.0%	(2.45)	-	2.8	-	-	0.9	(88.1)	116
TransCentury	Finance	Dec	9.44	7.88	2.75	-34.6	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	516
<b>Average</b>												<b>10.6</b>	<b>9.0</b>	<b>2.0</b>	<b>17.2</b>	<b>2,162,234</b>

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